

## Message Text

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PAGE 01 STATE 308209  
ORIGIN COME-00

INFO OCT-01 EUR-12 ISO-00 EB-07 AGRE-00 OES-06 USIA-15  
/041 R

DRAFTED BY COM/BIC/OIM/SP/YO/RTURNER/JK  
APPROVED BY EB/OCA/CD:REDAY  
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COM/BIC/OIM/CAGENDREAU  
COM/BIC/OED/GBURKE  
EUR/EE/SFROMOWITZ  
EB/OCA

----- 088216 /73

R 212100Z DEC 76  
FM SECSTATE WASHDC  
TO AMEMBASSY BELGRADE  
INFO AMCONSUL ZAGREB

UNCLAS STATE 308209

E.O. 11652: N/A

TAGS: BEXP, YO

SUBJECT: FY 1978 COUNTRY COMMERCIAL PROGRAM FOR YUGOSLAVIA

REF: (A) STATE 292385; (B) BELGRADE 2879; (C) BELGRADE A201

1. FOLLOWING SUGGESTIONS/OBSERVATIONS REFER TO THE PRELIMINARY FY 78 CCP INPUTS SUBMITTED PER REF (B) IN RESPONSE TO STATE 054879 AND ARE PROVIDED AS GUIDANCE TO ASSIST BELGRADE IN FORMULATING ITS DRAFT CONTRIBUTIONS TO THE FY 78 PROGRAM.

2. CAMPAIGNS SUGGESTED BY BELGRADE IN REF (B) ARE REFERRED TO (BY TITLE, IN PARENTHESIS) IN FOLLOWING DISCUSSION, AND IMMEDIATELY PRECEDE USDOC COMMENTARY. PARAGRAPHS 9-10  
UNCLASSIFIED

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PAGE 02 STATE 308209

REFER TO CAMPAIGNS PROPOSED BY USDOC FOR POSTS' CONSIDERATION.

3. USDOC CONSIDERS BELGRADE'S PROPOSALS IN REF (B) CONSTITUTE A SOUND AND IMAGINATIVE FOLLOW-UP TO PROGRAM BEING CARRIED OUT UNDER FY 77 CCP. WE LOOK FORWARD TO RECEIVING

BELGRADE'S FINAL FY 78 CCP INPUT.

4. (ELECTRIC ENERGY SYSTEMS) USDOC IS IN ACCORD WITH INCLUSION THIS SECONDARY TARGET INDUSTRY (T.I.) AS PRIORITY CAMPAIGN NUMBER 1. IN VIEW GOY'S HIGH PRIORITY ON ENERGY DEVELOPMENT AND OUTSTANDING SUCCESS OF FY 77 TSS, TIME APPEARS PROPITIOUS FOR EXTENSIVE FOLLOW-UP/EXPLORATION OF SALES OPPORTUNITIES.

5. (FOOD PROCESSING AND PACKAGING/AGRICULTURAL MACHINERY AND EQUIPMENT) USDOC IS IN ACCORD WITH INCLUSION OF BOTH FACETS OF THIS T.I. (AGRIBUSINESS) AS CAMPAIGN. WITH NOVI SAD PARTICIPATION, MAY 13-22, 1977, NOW FIRM, AND TSS ON FROZEN FOOD AND REFRIGERATION PLANNED FOR JANUARY 1978, AGRIBUSINESS SHOULD CONTINUE TO BE OF MAJOR IMPORT IN FY 78 CCP.

6. (MAJOR PROJECTS) USDOC IS IN ACCORD WITH INCLUSION OF THIS CAMPAIGN AND WOULD APPRECIATE POST CONSIDERATION OF FOLLOWING: EMPHASIZE CONSTRUCTION, MINING/DRILLING, AND THIRD COUNTRY PROJECTS, IN VIEW OF GOY PRIORITIES IN THESE SECTORS AND POSSIBILITY OF FUTURE USDOC PARTICIPATION AT BELGRADE CONSTRUCTION FAIR. ADDITIONALLY, WOULD BELGRADE BE WILLING OR HAVE RESOURCES TO INCREASE ITS FOREIGN BUYER PROGRAM EFFORTS IN ALL SECTORS WHERE MAJOR PROJECT ACTIVITIES HAVE IMMEDIATE POTENTIAL FOR U.S. SUPPLIERS?

7. (METALWORKING AND FINISHING EQUIPMENT) USDOC IS IN UNCLASSIFIED

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PAGE 03 STATE 308209

ACCORD WITH INCLUSION THIS T.I. AS CAMPAIGN, ALTHOUGH NO EVENT-RELATED PROMOTIONAL ASSISTANCE IS CURRENTLY PLANNED FOR ZAGREB SPRING FAIR IN 1978, ESPECIALLY IN VIEW OF FACT THAT NMTB ASSOCIATION IS PLANNING PARTICIPATE IN MAJOR MOSCOW EXHIBITION IN SUMMER 1978 AND WILL NOT GO BOTH EVENTS. ALTERNATIVELY, POST MIGHT WISH CONSIDER PLACING MFE INTO "OTHER SPECIAL POST EFFORTS" FOR FY 78 AND SUBSTITUTING A CAMPAIGN ON PROCESS CONTROL INSTEAD (SEE PARAGRAPH 10).

8. (PETROCHEMICAL PROJECTS AND EQUIPMENT) USDOC IS IN ACCORD WITH INCLUSION THIS SECONDARY T.I. AS CAMPAIGN. WE ARE PLEASED BELGRADE HAS BEEN ABLE TO MOVE THIS UP FROM AN NCI IN FY 77 CCP AND WISH TO CONFIRM OUR PLANS TO SUPPORT POST'S CAMPAIGN INITIATIVES WITH TM/TSS DURING JANUARY 1978. MARKET POTENTIAL IN CHEMICALS/PETROCHEMICALS SECTOR APPEARS EXCELLENT. USDOC LOOKS FORWARD TO RECEIVING ADDITIONAL MARKETING INFORMATION IN SUPPORT OF

AFOREMENTIONED PROMOTIONAL ASSIST.

9. (U.S. INVESTMENT/JOINT VENTURE OPPORTUNITIES) USDOC WOULD LIKE TO SUGGEST THIS TARGET OF OPPORTUNITY AS AN FY 78 CAMPAIGN IN VIEW OF HIGH DEGREE OF INTEREST BY AMERICAN FIRMS, I.E. HOW TO SUCCESSFULLY DO BUSINESS IN YUGOSLAVIA. WITH BELGRADE'S CONCURRENCE, WE WOULD ENVISION THOROUGH ANALYSIS OF FUTURE CHANGES IN YUGOSLAV INVEST CODE (FOR DISSEMINATION TO U.S. FIRMS/USYEC) FRANK REVIEW OF PROBLEMS INVOLVING PROFIT REMITTANCES, AND A CONCERTED EFFORT BY APPROPRIATE CAMPAIGN MANAGER(S), WITH APPROPRIATE YUGOSLAV OFFICIAL(S), TO OBTAIN LIBERALIZATION OF RESTRICTIVE COMMERCIAL LEGISLATION (WITHIN THE PARAMETERS OF THIS PROPOSED CAMPAIGN.)

10. (PROCESS CONTROL INSTRUMENTATION) USDOC WOULD APPRECIATE BELGRADE'S CONSIDERATION OF THIS T.I. AS A CAMPAIGN UNCLASSIFIED

UNCLASSIFIED

PAGE 04 STATE 308209

IN FY 78, RATHER THAN RETAINING IT IN NCI OR "OTHER SPECIAL POST EFFORTS" CATEGORY. WE NOTE GOY'S PRIORITY INTEREST IN INCREASING INDUSTRIAL PRODUCTION IN BASIC, EXPORT-ORIENTED INDUSTRY, AND AGREE WITH BELGRADE'S COMMENT IN REF (B) THAT A CONCERTED EFFORT SHOULD BE MADE TO IDENTIFY THE BEST POTENTIAL FOR U.S. SUPPLIERS. IN THIS CONTEXT, WE WISH TO CONFIRM PLANS TO STAGE CATALOG EXHIBIT AT BELGRADE SPRING FAIR, MAY 1978.

11. USDOC CONCURS IN THE FOLLOWING "OTHER SPECIAL POST EFFORTS" -- REFERRED TO AS NCI IN REF (B): TOPS CALL CAMPAIGN ON DOMESTIC COMPANIES AND ASSOCIATIONS, INCLUDING TEXTILE INDUSTRY; COMMERCIAL NEWSLETTER PUBLICATION, WHICH CAN NOW INCORPORATE NEW PRODUCT INFORMATION CONTAINED IN "COMMERCIAL NEWS FOR FOREIGN SERVICE;" CONSUMER GOODS, WHICH MAY PROVIDE POSSIBILITIES FOR VTR PILOT, HIGHLIGHTING AN ENTIRE U.S. DOMESTIC TRADE FAIR, E.G. AT A FUTURE ZAGREB FALL FAIR; AND FURTHER COORDINATION WITH U.S.-YUGOSLAV ECONOMIC COUNCIL, AS NOTED IN USDOC'S 21406.

12. USDOC WOULD ALSO LIKE TO TAKE THIS OPPORTUNITY TO RAISE FOLLOWING TOPICS FOR BELGRADE'S CONSIDERATION/ INCLUSION IN "OTHER SPECIAL POST EFFORTS": WOODWORKING AND PAPER EQUIPMENT, WHICH WILL HAVE APRIL 1978 CATALOG EXHIBIT TO SUPPORT IT AT ZAGREB SPRING FAIR, AS EXHIBITION ORIGINALLY SUGGESTED IN REF (C) WILL NOT BE POSSIBLE IN FY 78; AVIONICS, ESPECIALLY TO FOLLOW-UP INTEREST EXPECTED TO BE GENERATED BY FY 77 TECHNICAL SEMINAR; AND PORT EQUIPMENT, IN ORDER TO DETERMINE BEST OPPORTUNITIES FOR TM/TSS PROPOSED IN REF (C).

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** n/a  
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**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
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**Disposition Approved on Date:**  
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**Disposition Comment:**  
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**Executive Order:** N/A  
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**Reference:** 76 STATE 292385, 76 BELGRADE 2879, 76 BELGRADE 201  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** buchant0  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 18 JUN 2004  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <18 JUN 2004 by chengls>; APPROVED <12 NOV 2004 by buchant0>  
**Review Markings:**

Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
04 MAY 2006

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** FY 1978 COUNTRY COMMERCIAL PROGRAM FOR YUGOSLAVIA  
**TAGS:** BEXP, YO  
**To:** BELGRADE  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006